

ORR Comments on NSC Progress Report on U.S. Policy in
Mainland Southeast Asia, dated 6 November 1957

1. Laos

The various references to the political situation in Laos need updating by a political analyst in order to reflect the recent government agreement with the Pathet Lao.

2. Cambodia (Page 3, Annex B)

As a matter of updating, it is suggested that the following paragraphs be substituted for the third paragraph under Cambodia.

In what appears to be a reversal of policy the Cambodian Superior Council of Plans has announced that US \$14 million of the \$22.4 million of grant aid from Communist China will be devoted to the construction of cement, paper, textiles, and plywood factories, in that order of priority. Although these four factories figured prominently in the initial planning of the aid program, agricultural development had been favored in previously announced allocations from the Chinese Communist aid funds.

During the preliminary discussions about these factories in mid-1956, their total cost was estimated as ranging between \$5.5 million and \$8.5 million. A group of Chinese Communist technicians meanwhile had visited Cambodia and studied the prospects for these aid projects. It is probable that the higher cost estimate resulted from their studies. Although it is not yet clear to what extent the Cambodians were influenced by the Chinese Communists in this decision to favor industrial over agricultural development, such a policy would be in line with the Peking-Moscow model of economic development.

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